FY2020
THEMES IN GOVERNORS’ BUDGETS

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Investing In Education
Overview

As of February 18, 2019, governors in 36 states have released their budget recommendations for fiscal 2020. Most states saw strong revenue growth in fiscal 2018 and early fiscal 2019, resulting in more “new money” to spend on key priorities. In their budget proposals for fiscal 2020, governors are choosing to direct a significant portion of these new resources into early education, K-12, higher education, and workforce development. Below are some of the most common areas of investment, based on governors’ budgets released to date. The state examples provided are meant to be illustrative but not exhaustive.

Early Education

Expanding Preschool Access: At least 20 governors so far have proposed new funding for expanding access to public preschool, with many aiming to put the state on a path toward universal access for all eligible-age children. California, Iowa, Maine, Nevada, New York, Oregon, Pennsylvania and Rhode Island are among the states where governors are calling for significant investments in preschool programs.

Full-Day Kindergarten: Colorado’s new governor has made it his top priority to provide universal access to free, full-day kindergarten for all school districts statewide. California’s governor has proposed $750 million in one-time funding to retrofit facilities for full-day kindergarten programs, and Pennsylvania’s governor has called for a study on statewide, full-day kindergarten.

K-12 Education

Teacher Pay Increases: At least 18 governors so far have recommended pay raises for teachers in their states, including governors in Georgia, Nevada, New Mexico, South Carolina and Virginia. In some cases, these represent the continuation of a phased-in increase that was previously decided upon, such as in Arizona and West Virginia. Idaho’s governor also recommended funding for the fifth year of teacher pay raises, in addition to setting aside money to increase starting teacher salaries in the state. Oklahoma’s new governor recommended an additional $71 million towards another pay raise for teachers following its teacher-pay legislation passed last year, and Mississippi’s governor is calling for $50 million over two years towards a teacher pay raise. Texas’s governor called for placing the highest premium on excellent teachers in the poorest communities.

Teacher Recruitment and Retention Strategies: In addition to increases in pay, governors are proposing a variety of programs aimed at recruiting and retaining teachers, in response to statewide shortages as well as in targeted subjects and in rural areas. Florida’s new governor has proposed spending $423 million for a new initiative to recruit and retain educators. West Virginia has called for incentives to recruit and retain math, science, foreign language and special education teachers. Colorado and Montana have recommended funding student loan repayment or forgiveness programs to help recruit and retain teachers in rural areas, and Delaware proposes to expand a similar incentive program to recruit more high-need educators. Maine’s governor also proposes steps to deal with the state’s severe teacher shortage.
**School Formula Funding**: Governors in many states are calling for increasing and adjusting formula funding that gets distributed to school districts.

- **Formula Funding Increases**: In Utah, the governor has recommended $127 million to increase per-pupil funding by 4 percent, and in Maryland, the governor proposed a 5.3 percent increase in direct aid to local schools. Governors in some states that have had to restrict school funding in recent years are calling for “fully funding” their school formulas or restoring previous reductions. In Kansas, a state that has wrestled with school finance litigation in recent years, the new governor's budget recommends adding $271 million in K-12 student funding compared to fiscal 2019, which is $134 million more than called for current law. Nebraska's governor proposes a 10.7 percent increase over two years.

- **More Funding for At-Risk Students**: Some governors have called for changing the weighted amounts and directing more money toward educating economically disadvantaged students, with an emphasis on closing the achievement gap. New Mexico's governor recommended $113 million in additional resources for at-risk students in the state's funding formula. The governors of Delaware and Massachusetts also want to see weighted funding increases for low-income students and English language learners (ELL).

- **Special Education**: Several governors have specifically called for increases in special education funding. Washington's governor includes a $145 million increase for special education in his budget, and Pennsylvania's governor calls for a $50 million increase. California's governor includes one-time funding to support a better alignment of a patchwork of special education services. In Virginia's supplemental budget for the biennium, the governor proposes to establish a pilot program to encourage the use of robots to help educate students on the autism spectrum.

- **Funding Other Education Reforms**: In some cases, the additional funding is tied to other education reforms. In Oregon, the governor is proposing $800 million in new money for schools to lengthen the school year to 180 days and reduce class sizes for K-3 grades. New Mexico's governor also proposed $139 million in new funding to lengthen the school year, as well as additional funding for other strategies aimed at boosting college readiness.

**School Safety Initiatives**: Growing attention has been paid to school safety concerns in recent years, and at least nine governors have proposed more resources dedicated to school safety efforts for the upcoming fiscal year. Some of these proposals are for recurring expenditures, such as South Carolina's recommendation to provide funds to place school resource officers in schools that cannot afford them. In other instances, such as in Utah, the spending is one-time for safety-related facility upgrades.

**Student Mental Health and Counseling Services**: Another area that has received increased attention recently – in part related to school safety concerns – is mental health services in schools. The Massachusetts governor plans in fiscal 2021 to phase in increased school funding for counseling and psychological services, adding about $75 million. Iowa's governor proposes additional funding to train teachers to better recognize early signs of mental illness. Washington's governor's budget includes a six-year phase-in of higher staffing for student supports including counselors and psychologists, beginning with the lowest-income districts.

**School Facilities**: In states that provide support for capital construction of K-12 school facilities, this is another area where governors are choosing to put additional resources in their budgets for next year. Hawaii proposed more than $400 million over the biennium for school infrastructure improvements. New Hampshire's governor recommended $63 million in one-time funds to provide school building grants to property-poor school districts. Georgia and Maryland are also among the states proposing sizeable investments in school facilities.

**Pension Relief**: Some states, such as California, Indiana and Oregon, are proposing to use one-time funds to reduce school district pension liabilities and/or employer contribution rates. In Indiana, this is estimated to save local schools $140 million over the biennium that can instead be...
directed toward teacher pay increases.

**Computer Science Programs:** Arkansas’s governor recommended continued funding for his computer science initiative, guaranteeing computer coding classes in all high schools. Other states, such as Florida, Missouri and South Carolina, also proposed funding to train teachers in computer science and coding education.

**Charter Schools:** States including Georgia, New Hampshire, and South Carolina proposed additional funding for charter schools.

**Career Pathways:** In some states, such as Massachusetts, Nebraska, North Dakota, and South Dakota, governors proposed additional resources for expanding work experiences and other career-oriented opportunities for high school students.

### Postsecondary

**“Promise” / Free Tuition Programs:** So far, at least seven governors have proposed additional resources to create or expand a state-level “Promise” program, which operates as a state-funded, last-dollar scholarship program to guarantee free tuition, typically for in-state residents only. These programs may be need-based or universal. While these programs generally started at the community college level, some states have expanded or are considering expanding to four-year institutions. New York’s governor’s budget includes the third phase of its four-year institution free tuition program by expanding eligibility to households with income up to $125,000, while the governors of Hawaii and Maryland are also proposing to expand their existing Promise programs to cover four-year institutions. Washington’s governor proposes to overhaul the state’s need-based financial aid program and replace it with the Washington College Promise Scholarship, and California’s governor set aside $40 million for a second year of free community college tuition under its Promise program. Rhode Island’s governor proposed to expand its Promise program to include adults over 25 attending community college. While Michigan’s governor has not yet released her budget, her State of the State address announced a new scholarship program that would guarantee “debt-free” community college or two years at a four-year institution.

**Other Student Financial Aid:** Aside from “Promise” proposals, governors in at least 16 states have proposed funding increases for other state financial aid programs. Oregon’s governor proposed to double the amount of money available in the need-based Oregon Opportunity Grant program, while Utah’s governor recommended using one-time funds to endow a new need-based scholarship fund. Some governors, such as Missouri and Nebraska, have proposed scholarship funding for students receiving training in specific, high-demand areas.

**Operating Support for Institutions:** Governors in at least 17 states so far have proposed budgets that target additional resources to higher education institutions to help them cover student enrollment, personnel and other operating costs and to restrict the need to increase tuition.

**Tuition Freezes and Limits:** In some instances, governors proposed increased operating funds for institutions in combination with a freeze or limit on tuition rates. For example, Colorado’s governor proposes a $121 million investment in postsecondary institutions to freeze tuition. South Carolina’s governor proposes a 6 percent increase to the annual base budget for those institutions that freeze tuition levels for in-state students. The governors of Montana and Vermont also proposed tuition freezes in their budgets. Maryland and Oregon proposed limits on tuition growth.

**Workforce Development / Career and Technical Education:** Governors across the country are proposing investments aimed at aligning their education systems with current and future workforce demands. In Florida, Iowa, and Missouri, for example, governors have proposed additional funding to help prepare residents for in-demand careers. A number of executive budget proposals also invest in increasing apprenticeships and other work-based learning efforts, such as the Create Connect Washington initiative. Along these lines, governors’ budgets are also recommending more resources for their career and technical education systems. Oregon’s executive budget, for example, includes $133 million in additional spending on career and technical education, in line with a ballot measure passed in November, and an additional $70 million in career and technical education pathway programs at postsecondary institutions.
**Capital Construction and Deferred Maintenance:** In addition to operating funds, states also provide financial support to higher education institutions through spending on capital and deferred maintenance. For example, Arizona’s governor’s budget provides capital to community colleges to help them expand certain workforce training programs, while the governors of Georgia and Hawaii proposed bonds for capital projects at their public institutions. Additionally, the governors of California, Delaware and Missouri set aside funding in their budgets to support deferred maintenance projects at colleges and universities.

**Closing**

Aside from the categories above, governors’ budgets have directed additional resources into other education-related areas as well, including literacy programs, accountability systems, and school transportation. Governors in some states have proposed governance and policy changes in their education systems as well.

NASBO will continue to monitor, analyze and report on governors’ budget recommendations as they are released.

*If you have any questions please contact Kathryn White at kwhite@nasbo.org or 202-624-5949.*
Overview
Governors in 44 states have released their budget recommendations for fiscal 2020 as of March 4. With most states experiencing strong revenue growth in fiscal 2018 and early fiscal 2019, services in health and human services often saw modest increases. States organize their health and human services in a variety of ways in their state budgets and the issues highlighted span a range of agencies and funding sources. Health and human services often comprise the most significant share of state spending after education and include many programs that rely in part on federal funding, such as Medicaid. This issue brief highlights some of the key themes in this program area across governors’ proposed budgets for fiscal 2020. The state examples provided are meant to be illustrative but not exhaustive.

Some of the major themes are as follows:

Medicaid Expansion
Governors’ proposed budgets in Idaho, Maine, Montana, Nebraska, and Utah outlined how Medicaid expansion would be financed for states that are adopting or extending Medicaid expansion. Maine for example, plans to set aside $69 million in fiscal 2020 and $78 million in fiscal 2021 to fund Medicaid expansion for about 70,000 individuals from the general fund and create a $29 million Medicaid reserve account to support potential additional expansion costs. Nebraska includes $19.8 million in fiscal 2020 and $49.3 million in fiscal 2021 from the general fund to implement the voter-approved Medicaid expansion, with offsetting savings of $9.8 million providing a portion of the resources. Idaho would implement the voter-approved Medicaid expansion, with a net-zero impact on the general fund, by using $10.6 million from the state’s tobacco settlement fund and $9.3 million in projected savings due to the expansion in other general fund programs for mental health, substance use disorders, community hospitalization, and corrections. Montana’s governor proposes to reauthorize the HELP Act which has financed that state’s Medicaid expansion program. In Kansas, the governor is recommending Medicaid expansion to cover an additional 150,000 residents for a cost of $14.2 million in state general funds.

Behavioral Health
Behavioral health is a focus in many state proposals including California, Delaware, Florida, Illinois, Iowa, Maryland, Minnesota, Missouri, New Hampshire, North Dakota, South Carolina, Texas, and Washington. Minnesota proposes expansion of community behavioral health clinics, while Texas plans to expand investment in behavioral health initiatives from recent legislative sessions through matching grants for criminal justice diversion and additional outpatient treatment options. Washington proposes significant increases in community-based treatment as part of a five-year plan to reshape the state’s behavioral health care system. Iowa recommends an additional $11 million over the next two years to continue recent improvements in mental health services and Missouri plans on spending $15.5 million for community psychiatric rehabilitation services. North Dakota proposes $19.1 million in additional spending for behavioral health care and using $35 million from Legacy Fund earnings for a new behavioral health state hospital and clinic.
Several budget proposals include additional funds to address the opioid crisis and other substance abuse disorders. Nevada plans to expand community behavioral health centers from three to ten to serve more adults and children with substance abuse issues. Missouri plans on spending $18.1 million to enhance opioid abuse, treatment, and recovery options. Massachusetts plans on increasing funding by $266 million across several state agencies for substance misuse treatment and services and proposes a tax on gross receipts of manufacturers of opioids from the sale of their opioid products.

**Individuals with Disabilities**

A number of states referenced additional funds for services to those who are disabled including funding to reduce waiting lists for disability services. Connecticut proposes 70 new supportive housing units in fiscal 2021 for those with intellectual disabilities and autism spectrum disorders. Georgia plans to add $4.2 million for 125 additional slots for two waiver programs for individuals with intellectual and developmental disabilities, while Illinois supports placements for 700 individuals with developmental disabilities to less restrictive home settings at a cost of $31.3 million. Pennsylvania plans on increasing funding by $15 million to serve an additional 765 individuals with intellectual disabilities and autism currently on waiting lists.

**Pharmacy Costs**

California, Colorado, Massachusetts, Nevada, New York, and Washington address pharmacy costs in their proposed budgets. California plans to address prescription drug cost containment by using the state’s purchasing power to achieve a single-payer system for prescription drugs and transitioning all pharmacy services for Medi-Cal managed care to a fee-for-service benefit. Colorado would spend $1.3 million to start a program to allow the state to import prescription drugs from Canada. Massachusetts plans pharmacy reforms projecting $80 million in gross savings that includes negotiating drug prices directly with manufacturers and other drug price controls.

**Health Care Costs and Provider Rate Changes**

Many states are proposing changes to provider rates across a range of services and most changes are to increase rates, reflecting an improved economy. Connecticut proposes to add an additional $10.6 million in Medicaid funding for rate increases for nursing homes, intermediate care facilities for individuals with intellectual disabilities, waiver services, and home health services. Connecticut also proposes a ceiling on the maximum price the state health plan will pay for services from hospitals and physicians based on a percentage above the Medicare payment rate. Maryland plans to provide $130 million to fund a 3.5 percent rate increase for behavioral health and developmental disabilities service providers and a 3.0 percent rate increase for most other health care providers. Missouri plans to add $53 million to increase rates for Medicaid, child welfare, and behavioral health providers, while Washington plans to increase provider rates for primary care for a $57 million cost. New York proposes an across-the-board reduction in Medicaid provider reimbursement of approximately 0.8 percent, which can include alternative approaches that achieve comparable savings.

Overall funding of health care was addressed across many states with health care spending generally outpacing state revenue growth. A number of states referenced Medicaid shortfalls and cost containment measures. Alaska plans to implement Medicaid cost containment measures and reform initiatives expected to reduce costs by $225 million.

**Children’s Health**

States addressing children’s health include Arizona, California, Connecticut, Delaware, Florida, Indiana, Kansas, New Mexico, Oklahoma, South Carolina, Utah and Virginia. Additional funding for children’s health often reflects an increase in the state share for funding the Children’s Health Insurance Program (CHIP) to offset the expiration of the Affordable Care Act’s four-year temporary federal share increase of 23 percent, ending September 30, 2019. Other proposals include purchasing vaccines for children in Connecticut and Virginia and establishing a new prenatal telemedicine program in Arizona.
Home and Community Based-Care

States often referenced funding for home and community-based services including additional pay for personal care attendants and how proposed increases to the minimum wage would affect providers of services. Rhode Island plans to expand home and community-based care by increasing eligibility for seniors 65 and older to the maximum income limit for eligibility from 200 percent to 250 percent of the federal poverty level and Maryland plans to provide $77 million in total funds for Community First Choice services to keep elderly and disabled adults out of nursing homes.

Public Health

States are addressing public health concerns through a variety of methods including from both spending and revenue proposals. Twelve states are proposing tobacco tax changes, from taxing electronic cigarettes and vaping to raising the legal age for tobacco use to 21. Connecticut plans on taxing vaping products equal to cigarettes and proposes a tax on sugar-sweetened beverages, Maine plans on increasing tobacco prevention and cessation funding by $10 million over the two years, while Vermont proposes a $1 million tax on e-cigarettes and vaping products. Oregon proposes taxes on e-cigarettes and vaping products, as well as an increase in cigarette and tobacco taxes.

Health Insurance Costs and Coverage

A number of states including California, Colorado, Minnesota, Nevada, New Mexico, Rhode Island and Washington are addressing health insurance costs and coverage in their proposed budgets. Minnesota plans to establish a state-based health insurance tax credit, while New Mexico plans to use $2 million in funding for a Medicaid buy-in implementation planning phase. Rhode Island proposes to add an individual mandate and impose an assessment fee on large, for-profit companies with at least 300 employees for each employee who is enrolled in Medicaid. In Oregon, there is a proposed new subsidized employer assessment for employers who do not meet threshold health care contributions for their workers, for a $119.5 million revenue impact.

Child Welfare

Child welfare issues were addressed in many states often through proposed increases in child welfare workers in response to increasing caseloads. Examples of states with recommended increases for case workers include Delaware, Georgia, Illinois, Kansas, Massachusetts, Mississippi, New Hampshire, New Mexico, Vermont, and Washington. Delaware plans to add $2.9 million to add 34 new staff members in the Division of Family Services to bolster child welfare investigations, Mississippi plans to hire an additional 108 caseworkers and 34 supervisors, and New Hampshire plans to authorize 62 new positions within the Division for Children, Youth, and Families.

The enactment of the federal Family First Prevention Services Act, which changed federal reimbursement for child welfare services and allowed for reimbursing preventative services, was mentioned as part of several governors’ proposed budgets. New York for example, plans to leverage the investment of private foundation funding to create a Family First Transition fund to provide resources to local departments of social services and foster care agencies to prepare for the implementation of the federal legislation. Georgia plans to increase funding by $3.4 million to implement the Act, including $3 million to upgrade an information technology system and Kansas includes $7.4 million for Family First Prevention Services.

A program in Oregon would focus on the root causes that drive foster care placements, including housing investments, addiction treatment investments, future-ready jobs, and quality early childhood education costing $300 million.

Child Care

States are also focusing on child care including in California where the state plans to use $500 million in one-time general funds to build child care infrastructure, including investing in the education of the child care workforce and child care facilities. Illinois plans to increase the income level for the child care assistance program from 185 percent of the federal poverty level to 200 percent for a cost of $30 million. Vermont proposes to dedicate some of the new online sales tax revenues to the child care financial assistance program.
A proposal in Wisconsin would create a new state child and dependent care tax credit.

**Family Leave**

A number of states have plans to provide paid family leave with some focused-on state employees and others statewide. Colorado plans to have paid parental leave for state employees, with a goal of establishing a more comprehensive paid family medical leave program for all residents over time while Minnesota would establish a paid family and medical leave insurance benefit. Vermont plans a family leave program using $1 million of general funds and $2.5 million of total funds to launch a voluntary bi-state paid family and medical leave insurance program in conjunction with New Hampshire.

**Housing/Homelessness**

A number of states including California, Hawaii, Illinois, Maryland, Massachusetts, Minnesota, Nevada, New York, Oregon, and Utah plan to increase funding to address housing costs and homelessness. Massachusetts plans to add $100 million for the rental voucher program while Oregon would use $54.5 million to invest in permanent supportive housing for the chronically homeless.

**Veterans’ Services**

A number of states including Arizona, Idaho, Illinois, Oregon, South Carolina and West Virginia are addressing assistance to veterans in their budgets. This includes expansion of veterans’ homes, a program to end homelessness for veterans in Oregon, and funding to continue a veterans’ suicide prevention program in Arizona. Idaho plans to use $43 million in one-time dedicated and federal spending authority for constructing a fourth state veterans’ home.

NASBO will continue to monitor state budgets for additional proposals in the health and human services area and will have a chapter on Medicaid and health care proposals in the forthcoming *Spring Fiscal Survey of States* publication.

*If you have any questions please contact Stacey Mazer at smazer@nasbo.org or 202-624-8431.*
Using Data & Evidence
Overview

Recently, NASBO released state-by-state summaries of governors’ budget proposals for fiscal 2020, detailing state fiscal conditions and gubernatorial priorities outlined in their budget recommendations. NASBO also published a series of issue briefs highlighting executive proposals for the next budget cycle in key policy areas including: education; health and human services; corrections and juvenile justice; environment, agriculture and natural resources; transportation and infrastructure; and tax and revenue measures. This installment of NASBO’s issue brief series on governors’ fiscal 2020 budgets takes a broad look at how gubernatorial proposals reflect states’ increasing use of data and evidence to inform decision-making, focusing on several key areas:

- Reporting Performance Measures
- Managing and Budgeting for Performance
- Using Data Analytics
- Investing in Evidence-Based Programs
- Funding Program Evaluation
- Implementing Statewide Initiatives
- Building Staff Capacity

The state examples provided below are meant to be illustrative but not exhaustive.

Reporting Performance Measures

Collecting and reporting performance measures in the executive budget is one of the most common and fundamental approaches taken by states to support data-informed decision-making. According to NASBO’s 2015 edition of Budget Processes in the States, 37 states indicated that they report performance measures and data in the executive budget document, while some states may publish separate performance measurement reports or websites instead or in addition. The specific performance measure details provided in an executive budget may vary, but they commonly include agency and/or program descriptions, goals and objectives, in addition to performance measure data. Below are several examples of how states present and apply this information, as well as descriptions of recent changes to performance measurement practices.

- Colorado’s executive budget request discusses how the state has worked to align the budget with performance outcomes, featuring highlights and accomplishments under each of the governor’s priority areas.
- Georgia’s budget book materials explained that the budget office conducts zero-based budget analysis of programs systematically on a rotating basis to evaluate their effectiveness and efficiency. In addition to providing an overview, key activities, funding data and
performance measures for each program, the analysis also makes recommendations for future review or changes to the program budget and operations.

- **Pennsylvania**’s executive budget describes how performance measurement goalsetting continues to be a core component of the budget process. The budget book explains this year’s process: “The Governor’s Budget Office worked with agencies to select fewer, more meaningful budget book measures and to differentiate them by outcome, output, customer service, and efficiency measures…agency funding requests were to be driven by data collected about each program’s effectiveness in achieving its purpose. Where programs are not meeting performance goals, the agency should carefully consider the reasons, and be prepared to justify continued funding of underachieving programs.”

### Managing and Funding Performance

Governors’ fiscal 2020 budgets include numerous cases where performance measures are used to manage and inform the funding of certain programs in areas such as education, criminal justice, and health and human services. Examples from states, provided below, include programs where the distribution of state funds is tied to performance measures, aid to local governments attached to performance reporting requirements, and grants and contracts linked to performance indicators.

- **Arizona**’s governor proposed an additional $60 million to expand Results-Based Funding, a program that provides additional per-pupil funding to schools that achieve the highest standardized test scores.

- **Florida**’s governor recommended increased performance funding for public colleges, universities and career technical centers.

- **Maryland**’s budget specifies that a general fund appropriation of $11.9 million for the Baltimore Mayor’s Office of Criminal Justice not be expended without a comprehensive strategic plan and quarterly performance measures.

- **Massachusetts**’s governor proposed $1.1 million in funding for entrepreneur training program grants, requiring grant recipients to agree to performance measures and indicators that will be used to evaluate the services they provide. The governor of Massachusetts also proposed $28.8 million for a short-term housing assistance program, Homebase, and called on the department to reallocate funding based on performance from under-performing service providers to above-average providers.

- **Michigan**’s governor noted that the budget would continue requiring local governments to comply with certain accountability and transparency provisions to receive incentive-based revenue sharing payments.

- **Rhode Island**’s governor’s budget explained how the Children’s Cabinet, with leadership from the Office of Management and Budget, examined appropriations to map investments to desired outcomes for children and youth and track spending in this area.

- **Texas**’s governor called for bonus funding to reward school districts when their students meet or exceed established standards.

- **Utah**’s governor’s budget called for procurement processes to improve the value of contracts by focusing on measurable performance outcomes while also reducing the time and cost it takes to submit requests for proposals.

- **Wisconsin**’s governor proposed creating a Medicaid pay for performance initiative to incentivize Health Maintenance Organizations to comply with blood lead testing standards.
Using Data Analytics

States in recent years have worked to increase data sharing and integration for the purposes of facilitating cross-agency collaboration, informing policy choices and program management, and measuring program impacts. In fiscal 2020, governors’ budgets continue to make advancements in this area. For example:

- **Minnesota**’s governor proposed state funding to enhance a new data collection system, supported by a federal grant, for school districts to collect accurate detailed demographic information so that this data can be used to inform policy decisions.

- **South Carolina**’s executive budget allocates $142,448 in recurring dollars and $595,000 in nonrecurring dollars to create an “Outcomes and Accountability Data System” for the state’s early childhood education initiative, SC First Steps to School Readiness. The goal of the data system is to “allow First Steps to effectively adapt and mission-shift in response to changing circumstances, as well as provide that data to communities to develop localized solutions.”

- **Virginia**’s governor proposed a supplemental budget that includes funding to enable the state to continue to administer the School Climate Survey and improve its research capacity to analyze school safety data.

Investing in Evidence-Based Programs

In recent years, states have expanded their efforts to invest in evidence-based programs with a proven track record of effectiveness. Whether by partnering with the Pew-MacArthur Results First Initiative, launching a state policy lab, embedding evidence-based requirements in agency budget requests, or other methods, states have taken concrete steps to increase their investments in programs that work. This is clearly evident in governors’ budget proposals for fiscal 2020. For example:

- **Florida**’s governor proposed $12.3 million for the Department of Juvenile Justice to contract with evidence-based prevention programs.

- **Illinois**’s governor’s budget highlighted the Justice, Equity and Opportunity (JEO) initiative, which will implement evidence-based strategies focused on reforming the criminal justice system and protecting public safety, and added funding for information technology initiatives that support evidence-based decisions regarding placement and offender risk and needs assessment.

- **Indiana**’s governor recommended $3.5 million in fiscal 2020 and fiscal 2021 to maintain an evidence-based program to partner with K-12 schools to provide social services to children and families.

- **Kansas**’s budget called for $18.1 million for fiscal 2019 and fiscal 2020 for Children’s Initiatives Fund grants, to be used to provide research-based child development services.

- **North Carolina**’s governor proposed almost $3 million to expand evidence-based family preservation services to prevent the unnecessary removal of children from families by improving family functionality, resiliency, and safety.

- **Washington State**’s governor recommended additional funding for evidence-based behavioral health programs, such as intensive outpatient treatment / partial hospitalization programs and assertive community treatment.

Funding Program Evaluation

Rigorous research on the level of effectiveness of programs has grown increasingly available and accessible to state policymakers in recent years. To continue to build evidence on what works, particularly within a state-specific context, some states are directing resources to conduct evaluations
and measure program impact. The following proposals from governors’ fiscal 2020 budgets help illustrate this trend:

- **Colorado’s** Department of Higher Education requested $6.6 million in general fund dollars to create a scholarship program for teacher preparation programs at public institutions, and provide funding for an evidence-based evaluation of the program.

- **North Carolina’s** executive budget recommended $1 million for grants to state agencies to sponsor rigorous, independent evaluations to generate evidence about program effectiveness and results.

- **Oregon’s** governor proposed a new statewide audit for how school districts use funds to achieve the state’s goals, integrating the results of this audit into longitudinal data studies to evaluate return on investment.

### Implementing Statewide Initiatives

Several governors’ budgets announced new statewide initiatives covering all or most state agencies, aimed at harnessing data and evidence to inform decision-making. Other states that already established initiatives to advance the use of data and evidence across state government used their budget documents to highlight the results and successes of these efforts.

- **Alabama’s** executive budget highlights how the state recently created an evidence-based budgeting process to ensure state funds are directed to cost-effective programs, measure program outcomes, and incorporate evidence into the decision-making process.

- **Connecticut’s** governor announced the creation of a new digital and performance agenda, to include a cross-agency performance management system that breaks down silos and improves service delivery, a Connecticut Digital Service, and strengthened analytics capacity to invest in evidence-based programs that lead to better outcomes.

- **North Dakota** incorporated a new budget approach for the fiscal 2020-2021 biennial budget, following a comprehensive strategy review process.

- **Utah’s** executive budget included an entire chapter on how the budget office employs the SUCCESS framework to improve performance and inform funding decisions across state government.

- **Vermont’s** governor highlighted efforts under two related initiatives – the Government Modernization and Efficiency Team (GMET), tasked with leading efforts to make government more efficient and effective, and the Program to Improve Vermonter Outcomes Together (PIVOT), tasked with implementing and tracking progress of the recommendations issued by GMET.

- **Washington State’s** governor featured the data-driven, collaborative Results Washington initiative, launched in 2013, and how this effort has led to improvements in key areas of government.

### Building Staff Capacity

As states work to thoughtfully expand their efforts to leverage data and evidence, governors are proposing concrete steps to recruit new staff with the necessary skills to create more capacity. Some governors are also recommending funds for new training programs related to performance measurement, data analytics and evidence-based practices.

- **Arizona’s** governor proposed additional funding to allow the Government Transformation Office to address staffing needs, including filling Lean Coach and Data Analyst vacancies and creating a new Data Scientist position.

- **Colorado’s** executive budget requested $500,000 for the “evidence-based policymaking evaluation and support” function of the governor’s offices.

- **Delaware’s** executive budget recommended enhanced funding for the state’s Technology Office for statewide analytics.
• Minnesota's governor included funding in the budget for a new child welfare training program, focused on implementing evidence-based practices through skill development.

• North Carolina's governor proposed $4 million to hire analysts with advanced quantitative and research capabilities in order to build capacity across state government for evidence-based, data-driven decisions.

NASBO expects governors and states will continue taking steps to increase their use of data and evidence to inform decision-making, and will monitor ongoing trends in this area.

If you have any questions please contact Kathryn White at kwhite@nasbo.org or 202-624-5949.
Environment, Agriculture & Natural Resource Proposals
Overview

As of March 20, 2019, all governors have released their budget recommendations for fiscal 2020. Many of these budgets include proposals addressing some aspect of environmental protection, agriculture or natural resources. The proposals in these issue areas are unlike other program areas in state budgets in that they are funded from a myriad of sources. Special funds are often a primary resource, with the general fund a secondary source used to support environment, agriculture and natural resource program areas. Proposals may also be funded in operating and capital budgets. In NASBO’s State Expenditure Report, these areas fall under the “All Other” category, which in fiscal 2018 encompassed 28.3 percent of state expenditures. Also unique to these program areas are the regional differences, with budget proposals shaped by geography or other shared interests. Below are some of the most common themes for investment in proposed fiscal 2020 budgets, based on governors’ budgets released to date. The state examples are meant to be illustrative but not exhaustive.

Rural and Agricultural Assistance

Several states have focused resources on assisting rural areas, often including distressed communities or struggling agricultural sectors. In the proposed fiscal 2020 budgets, at least 14 states identified specific proposals to aid rural areas. Arizona’s budget included $5 million to support infrastructure projects for agriculture, while Delaware proposed $20 million to preserve open space and farmland across the state. Other states proposed agricultural financing investments, such as Hawaii’s $7.5 million for the Agricultural Loan Revolving Fund and Maryland’s $2.5 million to help young farmers acquire farmland. Expanding markets was also a focus in some state budgets, including Pennsylvania’s $2.6 million to bolster the state’s organic industry and South Carolina’s $2 million for regional farmers markets. To aid distressed rural areas, states like Tennessee and North Carolina are making investments; Tennessee’s budget proposes $13.5 million in grants and services to assist rural communities and distressed counties in addition to continuing to expand broadband access, while North Carolina is investing in revitalizing rural neighborhoods and strengthening business development through the new Rural Investments Strengthening Economies (RISE) fund.

Clean/Sustainable Energy

Fourteen states included budget provisions addressing clean and sustainable energy initiatives. Wisconsin’s governor proposed establishing the Office of Sustainability and Clean Energy by transferring functions from a current state agency, while also creating a $4 million renewable and clean energy research grant. Similarly, Oregon established a new agency, the Oregon Climate Authority, to implement the state’s climate strategies. Washington’s budget included several proposals, including $57.5 million for the state’s Clean Energy Fund for projects related to grid modernization and development of clean energy technology, $129 million for clean transportation items and $83 million in investments in clean buildings items. Colorado has a commitment to reach 100 percent renewable energy by 2040. Massachusetts dedicated $75 million to the Global Warming Solutions Trust Fund to aid local governments in investing in climate-smart infrastructure. Ohio will strive to reduce air pollution through a proposed $31 million effort to replace aging diesel...
vehicles and Vermont directed up to $1.5 million towards an incentive program for purchases of electric vehicles. At least two states, Florida and Utah, referenced use of the Volkswagen settlement funds to reduce emissions and Utah also proposed piloting a teleworking program to address emissions reductions.

**Fire Suppression and Forest Management**

As an example of the regional influence on budgetary items in these program areas, several western states included measures in their budget proposals addressing fire suppression and forest management activities. Idaho proposed $20 million to cover costs of fires on state lands and Nevada increased funding by $1.5 million to the annual allotment for fire suppression activity, while Alaska increased wildland fire suppression activity to 38 percent of long-term average costs, or $8.4 million. California's budget included $200 million to support forest improvement, fire prevention, fuel reduction and prescribed burn projects and Washington's budget included $17 million to increase the state's wildland fire response capabilities.

**Parks and Land Acquisition**

Under the area of natural resources, at least 15 states included measures related to state parks and land acquisition or preserving open space. Florida proposed $1.25 million to promote state parks and funds to support newly acquired and expanded parks. Florida, Maryland, New Jersey, Utah and Virginia all included proposals to acquire land or preserve open space, including New Jersey's $164 million for open space preservation. At least eight states included provisions to improve park facilities: Georgia proposed $17.1 million in bond funds to support facility improvements and repairs and Americans with Disabilities Act improvements; South Dakota included $500,000 in one-time funding for a current state park; and South Carolina funded new cabins and road repairs at a park that sustained hurricane damage. States also proposed funding for park operations, like North Carolina's request for operational funding of parks that were previously expanded and improved through bonds and Rhode Island's $1.5 million for additional maintenance workers, civil engineers and plumbers to help maintain the state's parks and beaches.

**Ecological and Environmental Protection**

Under this broad category, fifteen states proposed items addressing invasive species, endangered species and species management, as well as protection of resources such as coastlines and beaches. Michigan proposed $2.3 million for research and laboratory costs related to chronic wasting disease while Montana included $300,000 for expanded brucellosis surveillance and testing and Idaho proposed $175,000 for livestock disease control and inspection services. Indiana included $16.7 million for updated and new fish hatchery facilities and New Hampshire made the largest general fund investment in the Department of Fish and Game in state history. One of Washington's top budget priorities was the orca recovery effort, with $1.1 billion proposed over the next biennium in the combined operating, capital and transportation budgets. Efforts to combat invasive species were funded in Florida, Hawaii, North Carolina, Ohio and Wyoming. States also funded preservation of resources, like Delaware's and Florida's beach preservation initiatives and Florida's $10 million to address algal blooms and red tide and large investments for Everglades restoration. Many states recognized the importance of environmental protection to their economies, as investments were made in Virginia to increase support for oyster restoration and replenishment and in Maryland to fully fund the Chesapeake Bay Trust Fund.

**Water Infrastructure**

Water quality and the infrastructure needed to achieve it was a frequent theme in fiscal 2020 budget proposals. Seven states had provisions related to safe and clean drinking water, including Michigan's $120 million for drinking water grants and innovation, $1.9 million for a drinking water compliance assistance unit and $60 million for school hydration stations. New York's budget includes a green future fund which would include supporting clean water infrastructure and Maryland included funds for the Water Quality Revolving Loan Fund and Drinking Water Revolving Loan Fund and water supply assistance to local governments. Four states, Idaho, Michigan, North Carolina and Wisconsin, referenced pollutant monitoring and reduction in their proposals, including North Carolina's...
$6.3 million for water supply testing and analysis for perfluorinated compounds and other emerging compounds and Idaho’s $757,300 for the continued implementation of the Pollutant Discharge Elimination System. Several states in the east and midwest included proposals for lead abatement, with Massachusetts, Michigan and Vermont addressing lead in schools while New Hampshire and Wisconsin focused on lead pipe replacement in general. As part of their commitment to water quality, states also funded provisions for monitoring, like South Carolina’s $2.5 million to develop regional water quality plans, and permitting like Oregon’s proposal adding 23 positions to address an ongoing water permitting backlog. North Dakota included $464 million for essential water projects under the State Water Commission and West Virginia proposed an additional $2 million for dam maintenance.

Water Resource and Resiliency Planning

Twelve states had budget proposals to address water resource and resiliency planning. States in the west, which has been more prone to drought, included several provisions. Utah proposed nearly $50 million to stretch existing water resources further by improving water efficiency and Montana included $150,000 to update the state’s drought mitigation, response and recovery plan. California had several initiatives addressing emergency water supplies, including creating a new fund to assist communities, particularly disadvantaged communities, in paying the costs to obtain access to safe and affordable drinking water. Nevada’s budget included funding to implement a water planning and drought resiliency program by adding three new positions, while Colorado included $30 million to insulate the state from the risk of drought. Other states focused on protecting water infrastructure or prioritizing planning to ensure against floods or risks to their water supplies. Georgia included $458,800 for statewide water planning initiatives and $9.5 million in bond funds for water supply projects and Missouri proposed $10 million to support projects including the plan, design, construction or renovation of public water supplies, flood control storage and drought mitigation. Similarly, Massachusetts would assist state and local agencies in prioritizing, planning and retrofitting assets, including dams and flood controls, transportation infrastructure and water resources while Hawaii proposed $125 million in capital spending for flood risk mitigation projects, matching a federal appropriation.

Waste

States also included proposals to manage solid waste and recycling. Connecticut proposed a 10-cent surcharge on plastic bags and expanded their bottle deposit, and Illinois proposed a 5-cent tax on plastic bags. New York's budget expands their bottle bill to include most nonalcoholic drinks and prohibits the use of plastic bags to address the environmental impacts of single-use bags. Florida included $3 million for the closure of six landfills where no responsible party is available to perform the needed closure work and $3 million for solid waste management grants to counties with smaller populations to support their waste efforts. Michigan proposed $9 million for the state’s waste management system and $15 million for the recycling program.

Environmental Cleanup

States across the country face legacy sites requiring mediation and clean up or are prioritizing these projects to improve water quality and increase economic development. Six states included proposals in their fiscal 2020 budgets addressing hazardous waste, solid waste or other types of clean ups. California proposed $50 million on a one-time basis for additional clean up from a battery facility, Florida included $5.5 million for long-term remedial activities at hazardous waste contaminated sites and $110 million for the Petroleum Tanks Cleanup Program, while Montana requested new spending authority to continue efforts to clean up contaminated sites across the state. Using bonding authority, Wisconsin authorized $25 million to clean up contaminated sediment in areas of concern in the Great Lakes Basin, as Tennessee requested $2 million for remediation of National Priority and Superfund sites. Finally, Michigan proposed $69 million for renewing the state’s environment, with $45 million dedicated to environmental cleanup and redevelopment.

If you have any questions please contact Leah Wavrunek at lwavrunek@nasbo.org or 202-624-8433.
Tax & Revenue Measures
Overview

Most of governors’ fiscal 2020 budget recommendations include some form of revenue increase or decrease proposals. The net revenue impacts for the bulk of them are minor. Only five states propose recurring revenue changes exceeding two percent of general revenues. Below are many of the tax and revenue measures included in governors’ budgets. The three most common tax changes advanced in governors’ budget proposals are: excluding retirement income, taxing electronic cigarettes, and raising the gas tax.

Excluding Retirement Income from Taxation

Governors in 11 states are proposing to exclude or reduce the amount of retirement or social security income from taxation. The most common type of retirement income exclusion or exemption is for military pension income as included in the budgets for Illinois, Indiana, Maryland, Nebraska, North Dakota, South Carolina and Vermont. Michigan plans to exclude all retirement income. Connecticut, Minnesota and West Virginia propose to exempt or increase the exemption for social security income.

Electronic Cigarettes and Vaping Products

Governors in 11 states are seeking tobacco tax changes. Eight states, including Illinois, Massachusetts, New York, Oregon, Rhode Island, Utah, Vermont and Wisconsin, plan to establish taxes on electronic cigarettes and vaping products. Washington and Connecticut include tobacco tax revenue reductions by proposing to raise the legal age to purchase tobacco products to 21. Cigarette tax increases are proposed in three states: Illinois, Montana and Rhode Island.

Gas Tax Increases

Seven states are proposing to increase resources for transportation infrastructure. That would raise to 33 the number of states that have increased motor fuel taxes since 2013. Alabama would see the first increase since 1992 and index the tax to a national measure of highway construction costs. Ohio’s gas tax increase would be the first since 2005. Arkansas seeks to combine vehicle registration fee increases and dedication of casino funds with the gas tax increase to finance the highway plan. Hawaii also proposes a package of gas tax increase and vehicle registration fee increases. Michigan, Minnesota, and Wisconsin propose to index fuel taxes to inflation along with proposed increases. The Wisconsin proposal includes an offset by repealing the minimum markup law for motor fuel.

Personal Income Tax

Ten governors are proposing other changes to the personal income tax. Arkansas’ budget includes a reduction in the top rate and a reduction from six to four brackets. California, Michigan, Minnesota, Virginia and Wisconsin budgets include an increase in their states’ earned income tax credits. Illinois’ governor proposes a constitutional amendment to establish a progressive income tax rate structure to change the current flat tax rate. New Jersey’s governor seeks to apply the top tax rate to incomes over $1 million from the current $5
million threshold. **New York**’s governor proposes to extend
the top tax rate for another five years to 2024. **Washington**’s
 governor recommended the establishment of a new capital
gains tax and **Wisconsin**’s governor recommends lowering
the income eligibility for their capital gains exclusion and
creating a child and dependent care tax credit.

**Sales Tax Base Changes/Online Sales**

Six governors are proposing some increase in the taxable
base for their sales tax. **Connecticut** seeks to apply the
sales tax to professional and personal services along with
eliminating some existing exemptions. **Rhode Island** also
proposes to add additional services and activities to its sales
tax base. **Utah**’s governor proposed to broaden the base to
tax final consumption, in combination with a sales tax rate
reduction and an income tax credit to offset the regressive
effects of the sales tax. **New York**’s budget proposal eliminates
the sales tax exemption on energy services. **Florida**’s
governor is proposing several sales tax holidays. **Indiana**’s
budget includes a tax credit for teacher supplies. **Tennessee**’s
governor seeks to exempt two agricultural items. Several
states, including **Massachusetts**, **New Mexico**, **New York**, **Vermont** and **Wisconsin** are seeking to modernize their sales
tax laws by requiring marketplace facilitators to collect and
remit sales taxes for online sales used by out-of-state sellers.

**Corporate Income Tax/ Business Tax**

**Oregon**’s governor proposes adding five new steps to its
minimum tax structure. **Pennsylvania**’s governor included a
four-year phase down of the corporate income tax rate by
one percent each year, a cap on net operating losses, and the
adoption of combined reporting. **Washington**’s governor is
proposing an increase in that state’s gross receipts tax rate. A
limit on the income eligible for **Wisconsin**’s manufacturing
tax credit is recommended. **Connecticut**’s budget includes
the elimination of its business entity tax.

**Sports Betting**

Governors in four states include revenues in their budgets
from enacting new sports betting laws: **Illinois**, **Indiana**, **New Hampshire**, and **Massachusetts**. They would join nine
other states and the **District of Columbia** that have passed
sports betting laws.

**Property Tax**

Governors in **Florida** and **Texas** are proposing local property
tax relief or limits along with increasing the state funding
share for schools. **Nebraska**’s governor recommends increases
in property tax relief and the homestead exemption program. **Illinois** and **Connecticut**’s governors are recommending an
expansion of property tax credits, in Illinois for homeowners
under a certain income, while in Connecticut for all filers, not
just elderly and those with dependents. **Minnesota** includes
a reinstatement of an inflation index for statewide property
tax paid by businesses. **Wisconsin**’s governor has asked the
legislature to close the “dark store” property tax loophole.
Health Care

**North Carolina's** governor proposes an insurance gross premium tax, a portion of which would finance Medicaid expansion. **Pennsylvania's** budget includes an increase in its Medicaid provider assessment. A health insurance premium tax credit increase and elimination of the sunset of the health care provider tax are included in **Minnesota's** budget recommendation. In **Wisconsin's** budget proposal is a medical insurance premium deduction for self-employed individuals. **Illinois’** governor proposes a managed care organization assessment for Medicaid funding. In **Oregon**, the governor proposes to reinstate the insurance and managed care tax that expires at the end of 2019 and revises the state's hospital assessment structure.

Marijuana Taxes

Several state budgets highlighted new revenues from recreational marijuana taxes, including **Massachusetts**, **New Jersey**, **New York** and **Rhode Island**.

Other Items

Other tax and revenue policy proposals address a myriad of public purposes in governors’ budgets. **Maryland’s** governor seeks to permit student loan interest to be deducted from income tax returns. **Wisconsin’s** governor has advanced a first-time homebuyer tax deduction. **Iowa’s** budget includes an expansion of the rural workforce housing tax credit and **Nevada’s** budget includes a new affordable housing credit. **Connecticut** and **Illinois** advanced a new plastic bag surcharge or tax. **New Jersey**, **Oregon** and **Rhode Island** would impose a fee or assessment on some employers for each of their Medicaid-eligible employees. **South Carolina’s** governor recommends a tax rebate from its state surplus funds. **Pennsylvania’s** budget includes higher estimates of personal income and sales tax revenues associated with raising the state’s minimum wage. **Massachusetts** expects to generate revenue by taxing the gross receipts of opioid manufacturers from the sale of their products.

*If you have any questions please contact John Hicks at jhicks@nasbo.org or 202-624-8804.*
Corrections & Juvenile Justice Priorities
Overview

As of March 6, all but two states have released their budget recommendations for fiscal 2020. Corrections is one of the larger areas of state spending and is unusual in that most of its funding is derived from the general fund, unlike other program areas like Medicaid or higher education, which receive significant federal funding or other state funding. According to NASBO’s 2018 *State Expenditure Report*, corrections spending comprised 6.8 percent of total general fund expenditures, while deriving 89.2 percent of its funding from general funds. This issue brief highlights some of the key themes in this program area across governors’ proposed budgets for fiscal 2020. The state examples provided are meant to be illustrative but not exhaustive.

Compensation and Staffing

State corrections agencies are struggling to recruit and retain employees, and a focus on this issue was common in fiscal 2020 budget proposals. At least eight states included additional funds for correctional officer salary increases, citing the need to recruit and retain these vital security positions. Idaho included $2.4 million to increase the starting salary of correctional officers, adjust the set annual security retention plan increases and address compression in order to retain experienced personnel. Maryland’s governor proposed $13.1 million to institute a new pay plan for correctional officers and to improve recruitment and retention. Beyond security positions, at least nine states increased funds to aid retention, add positions or fill vacancies in other hard-to-fill correctional jobs, including health care staff, case managers and program coordinators. Hawaii proposed adding 10 permanent positions (funded with internal savings) to support health care programs at several correctional centers, while Nevada proposed $5.2 million to hire 27 new probation and parole staffers and Kansas included $3 million to fill vacant positions at correctional facilities. With a strong economy in most areas of the country, states are having to compete to attract qualified applicants for these difficult to fill positions, and in many cases are increasing pay to boost their competitiveness.

Health Care

Correctional populations on average have an increased incidence of health problems compared to the rest of the population and health care is a major component of state spending for corrections. The average age of inmates is also increasing; according to the Bureau of Justice Statistics, in 2011 the percentage of sentenced prisoners under the jurisdiction of states and the federal government aged 55 or older was 7.9 percent, rising to 11.3 percent by 2016. At least seven states highlighted spending increases for correctional health care in their fiscal 2020 proposed budgets. Delaware proposed $1.1 million for inmate medical services and Florida proposed an additional $13.9 million to cover the increased costs of inmate medications. Providing mental health care is also a priority for state corrections agencies, as seen in the proposed budgets for New Mexico, which added $300,000 for an increase in the behavioral health contract for inmate healthcare, and South Dakota, which proposed $490,000 in additional funds.

Within health care spending, some states added specific funding for treating certain diseases or substance use disorders. At least three states, Florida, Rhode Island, and
South Carolina, specifically proposed additional funding to treat Hepatitis C in inmates. Several states also proposed more funding to treat substance use disorders, including opioid addiction, among the correctional population. Connecticut and New York would expand medication-assisted treatment in correctional facilities, while Washington proposed establishing a substance abuse recovery community for incarcerated women.

Re-Entry & Reducing Recidivism

At least 18 governors so far proposed initiatives under the broad topic of “re-entry.” As most offenders in correctional institutions will be released at some point, ensuring a safe and successful transition to the community is important. States like New Hampshire increased their support for housing, by proposing to build new community-based transitional housing that will provide 40 new individual placements around the state. Maryland’s governor proposed reinvesting $3.8 million in evidence-based strategies to decrease crime and reduce recidivism while Missouri proposed $1 million for the state’s Justice Reinvestment Initiative to expand community behavioral health treatment and help reduce recidivism. Several states bolstered workforce training for their correctional populations. Oklahoma proposed $1.5 million to complete the Pay for Success contract to reduce the incarceration rate of women by providing supervision, treatment, and workforce readiness training. Mississippi’s governor proposed $1 million in order to give the Department of Corrections the ability to offer forklift and OSHA workplace safety and health training, and Colorado proposed a new work release program. Education was another priority for many states: California included a package of programs aimed at improving literacy rates among the offender population and Iowa proposed partnering with a community college for a Second Chance Pell Grant program.

Parole: Facilitating release from incarceration to the community in many states is the Parole Board, and at least three states increased resources for their boards. Connecticut would establish a pilot program to provide appointed counsel at parole violation hearings and Georgia proposed adding funding and positions for criminal investigations to help address case backlogs. Massachusetts’ governor proposed overall funding increases to implement various criminal justice reforms, including $2.3 million to the parole board to support a higher caseload expected to be released into community supervision.

Community Supervision: After inmates are released into the community, many are under a form of community supervision and at least five states added resources in this area. Arkansas’ governor proposed funding for 30 new probation and parole agents, while Colorado provided a larger increase for the parole services division. Nevada also funded new parole and probation staffers and Utah proposed $1.8 million to hire 22 investigators to prepare presentence reports to free up agents to supervise offenders in the community.

Institutional Capacity Changes & Facility Improvements

At least nine states have proposed making changes to the capacities of their correctional facilities, with some closing units, adding units, adding specialized treatment units, or moving inmates out of state. Connecticut would realize savings through the closure of five housing units and New York proposes closing up to three prisons to reduce excess capacity due to a declining prison population. North Dakota’s governor proposes relocating women’s prison services to allow for consolidation of facilities and more efficient operations and Maine proposes creating a pre-release center at a closed facility. Nebraska’s governor would address overcapacity by adding two high-security housing units with capacity up to 384 beds and Alaska proposes transferring 500 long-term prisoners out of state and closing a portion of a correctional center.

In addition to changing the capacity of correctional facilities, the fiscal 2020 budgets in several states address facility improvements and deferred maintenance. California proposes $8.4 million over two years to fund accessibility improvements for inmates with disabilities while Florida would support maintenance and repair for correctional facilities to meet compliance with the Americans with Disabilities Act, improve security systems, and improve mental health facilities. Mississippi proposed funds to repair a unit while South Carolina would fund equipment and facility upgrades including fire alarm and cell door systems. Other states like Oklahoma are paying debt service on
previously issued bonds to address deferred maintenance. **Oregon** would support capital investments to address the ongoing health, life, safety and security concerns across multiple juvenile facilities.

**Correctional Technology Systems**

In addition to addressing the physical plant of correctional facilities, at least six states proposed budget items to improve IT systems. **Illinois**, **South Carolina** and **Virginia** propose development and implementation of electronic medical records systems for their correctional populations. **Idaho**’s budget includes $6.3 million in one-time dedicated fund spending authority for the second year of a three-year project to replace the Offender Management System and **Nevada** proposes $11.5 million in one-time funding to upgrade the state’s criminal justice information system.

**Juvenile Justice**

States vary in how they administer their juvenile justice systems, with some states placing the responsibility in the Department of Corrections, while others locate it in another agency, such as the Department of Health or the department responsible for the child welfare system. NASBO’s annual *State Expenditure Report*, which highlights state spending on corrections, includes a table of which states exclude juvenile justice functions from their corrections spending totals, lending insight into how states organize their juvenile justice systems. In governors’ fiscal 2020 budgets, at least nine states included funding increases for their juvenile justice systems. **Arizona**, **Florida**, **Georgia**, and **South Carolina** included funds for salary increases for staff in juvenile facilities or community supervision. Two states, **California** and **Montana**, are proposing or implementing reorganizations of their juvenile justice systems; California would move youth correctional facilities to a new department under the Health and Human Services Agency. **Florida** also proposed several initiatives aimed at expanding prevention services for at-risk youth and adding non-secure residential beds for youth with intensive mental health needs. **Colorado** proposed $500,000 for juvenile justice initiatives under the state’s Improving Outcomes for Youth Taskforce.

**Closing**

Although many states implemented criminal and juvenile justice reforms over the last decade, states are still working to address long-term concerns such as aging facilities and stubborn recidivism rates. The initiatives proposed in fiscal 2020 budgets highlight the continued importance of these policy concerns to governors. NASBO will continue to monitor, analyze and report on governors’ budget recommendations as they are released.

*If you have any questions please contact Leah Wavrunek at lwavrunek@nasbo.org or 202-624-8433.*
Transportation & Infrastructure
Overview

This year, governors made several significant recommendations related to transportation and infrastructure. Over the past six years, more than half the states have taken actions to raise their fuel tax revenues. Many of the actions were the result of multi-year transportation plans and were combined with other revenue-raising actions. At least seven governors this year, including four in the Great Lakes region, proposed new increases in state gas taxes to help meet transportation and infrastructure demands. If the seven proposals pass, it would raise to 33 the number of states that have increased motor fuel taxes since 2013. In addition to raising fuel taxes, other proposals include new bond sales, added tolling, new electric and hybrid vehicle fees, increasing motor vehicle sales taxes, and increasing vehicle registration fees. Also related to infrastructure, at least 11 states included the expansion of broadband internet, particularly to increase access in underserved communities.

Below are summaries of significant executive-level proposals regarding transportation and infrastructure for fiscal 2020, along with links to supporting documents. The state examples are meant to be illustrative but not exhaustive.

**Alabama**

On March 5th, Governor Kay Ivey called a special session to address the state's ongoing infrastructure issues. The special session was focused on legislation to levy an additional excise tax on gasoline and diesel fuel; legislation to provide for effective legislative oversight of the Alabama Department of Transportation; and legislation to provide the Alabama Highway Finance Corporation with authority to borrow money and issue bonds for the purpose of improving the Alabama State Docks and the Mobile Bay ship channel. In calling the special session, the governor noted that, “It’s time to make our crumbling infrastructure system a problem of the past.” On March 12th, Governor Ivey signed legislation increasing the state’s gas tax and other transportation revenue, as well as legislation allowing the state to borrow for the Mobile Ship Channel. Specifics on the enacted legislation include: phasing-in a 10-cent increase of the gas tax over three years; making automatic adjustments to the gas tax up to a cent every two years beginning in 2023; imposing a $200 annual fee on electric vehicles; implementing a $100 fee on plug-in hybrids; and allowing the state to borrow up to $150 million for improvements at the Port of Mobile.

**Arkansas**

On February 11th, Governor Asa Hutchinson and legislative leaders announced details of a proposed two-part, $300 million, highway plan. Legislation for the first part of the long-term plan was signed by the governor on March 12th and provides $95 million annually for transportation through user fees and dedicated funds from casino revenue. Specific funding includes: increasing the wholesale sales tax on gasoline by 3 cents and diesel by 6 cents, generating $58.1 million; additional registration fees for hybrid and electric vehicles, providing $2.0 million; and dedicating $35 million from casino tax revenues and restricted reserve funds or other general revenue. On March 7th, the legislature passed a resolution supporting the second part of the long-term transportation plan. The
resolution gives voters the opportunity to vote on extending a 1/2-cent sales tax increase approved in 2012, generating $205.6 million a year for highways. After signing legislation approving the highway funding plan, the governor said, “Our roads are vital to so many areas of everyday life. We need good streets to get to work, school, stores, and doctor appointments. Our farmers need good roads to deliver their crops to the market. We need great highways if we are going to compete for the industry and business that are crucial to continuing to improve our quality of life. We have done this for ourselves and for our future.”

Connecticut

On February 20th, Governor Ned Lamont released his budget proposal for fiscal 2020-2021. As part of his budget recommendation, the governor proposed additional investments in infrastructure through electronic tolling. The governor noted that Connecticut’s transportation fund is on track to become insolvent soon and that urgent action is needed to pass a modernized and efficient transportation system. Additionally, the governor has said that he does not support further raising the gasoline tax, which he believes is already too high, or additional borrowing, which would add to the state’s debt. In place of raising the gas tax or additional borrowing, Governor Lamont put forward two options for additional funding for the transportation system. The first plan would toll only trucks and could generate $200 million annually if applied to all major state highways. The second plan would apply to both trucks and cars, generating $800 million annually, while providing a discount to Connecticut drivers. In discussing his plan, the governor said, “A reliable, sustainable revenue source – 40 percent of which will be paid for by people who don't even live here – is necessary to make the infrastructure investment we need to get our state growing again. My plan includes discounts for Connecticut EZ-Pass holders and frequent commuters and assistance for low-income individuals and families, as well. Simply put, a 21st century economy cannot be supported by a 20th century transportation system.”

Hawaii

On January 24th, Governor David Ige proposed legislation to increase the state’s gas tax and vehicle fees. In justification for the proposal, the administration said, “The fate of the state’s ability to provide safe and efficient roadways to the public relies on its ability to require the needed funding for all highway programs and projects.” The proposed legislation would increase the state’s gas tax from 16 cents to 22 cents for Oahu residents, and from 16 cents to 21 cents for residents of the other islands. The legislation also calls for increasing annual registration fees from $45 to $50, as well as raising the state vehicle weight tax. In addition to the current proposal, the administration is examining creating a road usage charge system in the future, in which drivers would pay for the number of miles driven.

Michigan

On March 5th, Governor Gretchen Whitmer called for additional infrastructure funding in her fiscal 2020 budget proposal. The governor’s Fixing Michigan Roads Plan is centered around three tenets: a sustainable long-term solution to improve state road condition to 90 percent good or fair in ten years by targeting investments to the most highly-traveled roads; replacing diversions from the General Fund with constitutionally protected revenues, freeing up existing state funds for investments in education; and providing a tax offset to mitigate the impact for low income families. The plan calls for a cumulative 45-cent motor fuel tax phased-in in 15-cent increments, raising the state gasoline and diesel taxes from 26.3 cents to 71.3 cents. The measure would generate $2.5 billion in new transportation revenue when fully phased-in. In addition, the governor called for increasing the earned income tax credit from 6 percent to 12 percent of the federal credit over two years to help mitigate the impact of the motor fuel tax increase on working, low-income families. In discussing her plan, the governor said, “We have the worst roads in the country, and I am proposing a plan that will permanently fix our roads while keeping the costs fair for seniors and low-income families. I know this won't be easy, but with one historic vote we can make the investments that are necessary to finally start fixing the damn roads.”

Minnesota

Governor Tim Walz released his two-year budget proposal for fiscal 2020 and fiscal 2021 on February 19th, calling for added investments in transportation and infrastructure.
The proposal noted that Minnesota’s transportation system is aging and struggling to keep up with the demands of a growing population, and that the state will need $18 billion over the next 20 years above current revenues to simply operate and maintain current roads and bridges. The recommended transportation funding plan includes a series of measures: a 20-cent gas tax increase phased in over two years, and indexing the gas tax to inflation beginning in fiscal 2023, raising $6.5 billion over 10 years; increasing the registration tax to raise approximately $4 billion over ten years; increasing the motor vehicle sales tax from 6.5 percent to 6.875 percent, raising $300 million for roads and bridges over 10 years, and $205 million for transit purposes; and authorizing $2 billion in trunk highway bonds over 8 years starting in 2022. Additionally, to help lower- and middle-income residents pay for transportation investments, the governor proposed increasing the Working Family Credit by $100 for single recipients and $200 for married filing jointly recipients. In discussing his recommendation, the governor said, “My budget proposes a 20-cent increase in the gas tax to keep Minnesotans safe, help businesses and farmers get goods to market, and ensure nothing like the I-35 bridge collapse happens again. This is not a choice between whether we want the gas tax or not. It is a choice between living in a state with the best transportation system in the country or one with crumbling roads and bridges that risk our safety and keep away businesses.”

**Missouri**

On January 16th, Governor Michael Parson released his fiscal 2020 budget proposal with a focus on infrastructure. In his recommendation, the governor called for using $351 million in bonding proceeds for 250 bridges statewide in need of critical repair or replacement. The governor also called for using $5 million for a rural broadband expansion, $50 million for a transportation cost-share program with local communities, $10 million for multipurpose water resource programs, and $20 million for deferred maintenance at higher education institutions. The governor stated that accelerating the repair or replacement of bridges will in turn free up funding for additional transportation projects. Additionally, the governor said, “Missouri has one of the nation’s largest highway systems with one of the lowest levels of funding in the country – it is now time to fix Missouri’s infrastructure needs.”

**North Carolina**

Governor Roy Cooper released his fiscal 2020-2021 biennial budget proposal on November 15th. In his recommendation, the governor proposed investing $290 million in infrastructure, including over $148 million for local projects for drinking water, wastewater, bridges and other purposes, financed through a combination of cash and bonds. In his State of the State speech, the governor called on the legislature to support additional transportation funding and said, “We rank 47th in state debt, per capita. Other states have chosen to incur reasonable borrowing rather than passing on crumbling infrastructure to their kids. We are out of step with the rest of the country. Break the logjam. This session, let’s deliver infrastructure for Montana for now and for future generations of Montanans.”

**Montana**

Governor Steve Bullock released his fiscal 2020-2021 biennial budget proposal on November 15th. In his recommendation, the governor proposed investing $290 million in infrastructure, including over $148 million for local projects for drinking water, wastewater, bridges and other purposes, financed through a combination of cash and bonds. In his State of the State speech, the governor called on the legislature to support additional transportation funding and said, “We rank 47th in state debt, per capita. Other states have chosen to incur reasonable borrowing rather than passing on crumbling infrastructure to their kids. We are out of step with the rest of the country. Break the logjam. This session, let’s deliver infrastructure for Montana for now and for future generations of Montanans.”
Ohio

On February 20th, Governor Mike DeWine proposed a transportation budget that would increase the state’s motor fuel tax by 18 cents beginning on July 1st. Earlier, on February 15th, the Advisory Committee on Transportation Infrastructure recommended an increase in the motor fuel tax to maintain and improve Ohio’s transportation system. The governor’s proposal would increase the state motor fuel tax rate from 28 cents to 46 cents per gallon beginning in fiscal 2020 and would index the rate with the consumer price index (CPI) beginning in fiscal 2021. It is estimated that the 18-cent increase in the gas tax would raise an additional $1.2 billion for state and local transportation infrastructure projects in fiscal 2020. The measure is currently being considered by the legislature, which has proposed decreasing the size of the gas tax increase. The governor has stated that he is willing to work with the legislature, but believes that the 18 cents is the minimum increase needed to adequately address an estimated $1.2 billion annual hole in the budget for state and local roads and bridges.

Pennsylvania

On January 31st, Governor Tom Wolf released details of his Restore Pennsylvania plan. The proposal calls for investing $4.5 billion over the next four years in significant, high-impact projects funded by the monetization of a severance tax. In speaking about his plan, the governor said, “It is far past time that Pennsylvanians stop allowing our commonwealth to be the only state losing out on the opportunity to reinvest in our communities. And as long as that is allowed to continue – my vision of a restored Pennsylvania that is ready to compete in the 21st century economy will never become reality.” Areas in which the governor has called for added infrastructure investments include: high speed internet access; storm preparedness and disaster recovery; downstream manufacturing, business development, and energy infrastructure; demolition, revitalization, and renewal; and transportation capital projects.

Wisconsin

Governor Tony Evers presented a two-year budget proposal for fiscal 2020 and 2021 on February 28th, while calling for a new approach to transportation financing. The governor’s budget proposal recommends a $6.6 billion transportation investment through raising the motor fuel tax, increasing heavy vehicle registration fees and title fees, and activating the hybrid vehicle surcharge fee. Specific revenue changes include: raising the motor fuel tax by 8 cents per gallon and eliminating the markup on motor fuel; restarting indexing of the Motor Fuel Tax to the consumer price index; increasing heavy truck registration fees by 27 percent; increasing the title fee on original or transfer vehicle titles; and collecting the hybrid vehicle fee. At the same time, the proposal authorizes the lowest amount of new bonding for highway purposes in the last two decades and ends the transfer of general purpose revenue to the Transportation Fund. The governor highlighted his plan in his budget address saying, “I’m proposing the largest biennial investment in transportation in Wisconsin state history. But this won’t be a one-time fix. We’re going to raise more than $600 million in new revenues to fix our roads, bridges, and highways and make sure that our transportation fund is sustainable for our future.”

If you have any questions please contact Brian Sigritz at bsigritz@nasbo.org or 202-624-8439.